United Nations A/59/546

General Assembly

Distr.: General
2 November 2004

Original: English

Fifty-ninth session
Agenda items 118 and 123

Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Report of the Office of Internal Oversight Services on the first year of experience of regional investigators in two hubs, Vienna and Nairobi

Note by the Secretary-General*

The Secretary-General has the honour to transmit to the General Assembly the attached report on the first year of experience of regional investigators at Nairobi and Vienna, conveyed to him by the Under-Secretary-General for Internal Oversight Services in response to Assembly resolution 57/318 of 18 June 2003.

* The present report was submitted for processing after the established deadline due to the following reason: upon the completion of the reporting year on 30 June 2004, OIOS began the assessment and report preparation, which was expeditiously completed at the end of July; however, the quality assurance process within OIOS and the need to consult with concerned departments of the Secretariat consumed an additional three months.

04-58994 (E) 301104

Report of the Office of Internal Oversight Services on the first year of experience of regional investigators in two hubs, Vienna and Nairobi

Summary

The present report provides an assessment of the regional investigator programme of the Investigations Division, Office of Internal Oversight Services (OIOS), after its first year of operation (July 2003 to June 2004). It provides an overview of the caseload at the two regional hubs, Vienna and Nairobi; highlights of some of the significant matters investigated; and assesses the impact of this new concept in the first quarter of the reporting period. The report also discusses the differing impact of resident and regional investigators.

Most peacekeeping investigation cases handled by OIOS are located away from United Nations Headquarters, primarily in peacekeeping operations in Africa, Europe and the Middle East. In the 12-month period under review, OIOS saw an increase of about 8 per cent in the number of significant reports it received of alleged wrongdoing at peacekeeping operations.

The investigation of the significant, high-risk cases handled by the regional investigators leaves limited time for them to address other cases which may therefore be delayed or have to be referred to mission management. OIOS estimates that, as a result of the upward trend in the proportion of significant cases which are more complex and thus require more attention, the average time needed to complete a case has increased from 250 to 340 person-hours. With nine investigators available, there is a shortfall in the number of investigator posts available to handle the current significant cases that remain open and the projected future caseload in this high-risk area.

The Office concludes that a combination of regional and resident investigators would be the most beneficial and effective approach to meeting the demand for immediate action to mitigate the risk of significant cases at field operations. This would require additional resources, since there is a need to develop regional teams that better address the current and anticipated needs of the individual missions. Consideration should also be given to resident investigators, in particular for the larger missions, in view of the establishment of several new missions and the anticipated growth of others.

I. Introduction

1. The present report provides an assessment of the regional investigator programme of the Investigations Division of the Office of Internal Oversight Services (OIOS) after the first full year of operation (July 2003 to June 2004). Under this arrangement, regional investigators operate from the hubs in Vienna and Nairobi, conducting inquiries at peacekeeping missions. The report also provides an overview of the caseload of the two regional hubs, highlights of some of the significant matters investigated and assesses the impact of this new concept.

2. The programme was initiated after the Advisory Committee on Administrative and Budgetary Questions expressed the view that investigations, unlike audits, are reactive and so options should be explored other than simply replicating the resident auditor structure. In response to a request by the Advisory Committee (A/56/887, para. 55), OIOS provided the General Assembly with a report on the use of resident versus regional investigators in peacekeeping operations, detailing the two different approaches to the conduct of investigations of peacekeeping assets (A/57/494). Following receipt of that report, the Assembly, by resolution 57/318 of 18 June 2003, approved the establishment of eight support account posts (six investigators and two support staff) for the Investigations Division of OIOS, to be divided evenly between the Nairobi and Vienna duty stations which would serve as regional investigator hubs.

II. Background

3. Since its inception in 1994, OIOS has received reports of violations of United Nations regulations, rules and national laws in peacekeeping missions throughout the world. Until 2000, only regular budgetary resources were used to investigate some of the more significant cases reported to the Office. Because of the increase in caseload requirements, OIOS in 2002, deployed resident investigators at three peacekeeping missions (United Nations Transitional Administration in East Timor/United Nations Mission of Support in East Timor (UNTAET/UNMISET), United Nations Interim Administration Mission in Kosovo (UNMIK) and United Nations Organization Mission in the Democratic Republic of the Congo (MONUC)) to handle investigations at those locations, while inquiries at a small number of the other peacekeeping missions were conducted by investigators based at United Nations Headquarters.

4. Agreements with the special representatives of the Secretary-General at UNTAET/UNMISET, UNMIK and MONUC allowed for posts and other support to be provided by the missions, while OIOS provided experienced Professional investigators dedicated to providing investigative services to these missions, including an immediate, on-site point of contact to help and hold informal consultations with mission management. The resident investigators created an environment in which staff and others — many of whom do not normally learn of the existence of OIOS upon joining the United Nations in the field — felt confident to make reports to the Office via an investigator.

5. As detailed in the previous report of OIOS (A/57/494),[1] problems were created by the temporary nature of this arrangement, including the short duration of contracts offered to resident investigators who occupied posts provided by the various peacekeeping missions, which had an impact on the independent functioning of the Office. Furthermore, during the past four years, more complex and significant matters, many with criminal elements, were being reported to OIOS by the managers at the missions, often requiring an urgent response owing to the risks involved to the Organization.

III. Regional investigator activity

6. The Investigations Division of OIOS utilizes a risk assessment profile to evaluate each case received, in terms of financial loss, physical security threats, criminal potential, impact on the credibility of the Organization or mission, and trends or patterns. Each case receives a numerical rating to allow for strategic management decisions. Cases rated by OIOS at 100 points or more are considered significant and to require investigation. These cases are inevitably more complex and demanding in terms of time and resources owing to the potential impact on the Organization. Some 149 peacekeeping cases were received by OIOS in the reporting period; 66 related to missions in Africa and 83 to missions in Europe and the Middle East. While this is fewer than the 226 cases received in the previous reporting period, there was an increase in the rate of new cases reported in the second half of the current period. Moreover, the percentage of reports of alleged wrongdoing in peacekeeping missions that were received by OIOS and deemed to be significant (i.e., with a risk assessment profile of 100 or more) is on the rise; in 2002/03, one quarter of the complaints reported were assessed as significant but, in 2003/04, they constituted more than one third of all reports received.

7. The Office established investigations offices in Nairobi in 1996 and in Vienna in 2003, and reduced the size of its Investigations Division at United Nations Headquarters in order to place investigators closer to the locations of most cases. In proposing the Regional Investigator posts, OIOS determined that they should operate from Nairobi and Vienna for efficiency and effectiveness. Originally, for the 2003/04 budget year, OIOS had requested 12 Regional Investigator posts (2 P-5, 4 P-4, 4 P-3 and 2 General Service), to be deployed in the two regional hubs of Vienna and Nairobi to handle peacekeeping investigations. The General Assembly approved the establishment of six Regional Investigator posts and two General Service posts. These were evenly assigned to the two hubs. The three existing posts for peacekeeping based at United Nations Headquarters — one P-5, one P-3 and one General Service — have also been relocated to Vienna. At the same time, the Resident Investigator posts that had been "borrowed" from three peacekeeping missions were returned.

8. The Regional Investigator posts in Vienna were for investigations involving peacekeeping missions in Europe, the Middle East and Asia. The posts in the Nairobi hub were for investigations in the peacekeeping missions in Africa. For each hub, one P-4 post, two P-3 posts and one General Service post were provided.

[1] The report related the experience with resident investigators and proposals and plans for the review to be carried out by the Advisory Committee on Administrative and Budgetary Questions in the context of peacekeeping budgets.

In July 2004, one additional P-4 post was approved by the General Assembly for each of the regional hubs.

9. The Office of Internal Oversight Services was able to accommodate the Regional Investigator post at its existing office in Nairobi without much difficulty. Infrastructure problems did not affect the office, since additional office space and equipment purchases were quickly obtained with the support of the Administration at the United Nations Office at Nairobi and were in place when the new staff commenced duties in October 2003.

10. Accommodating the regional investigators in Vienna was not as straightforward, since OIOS had no presence in Vienna prior to July 2003. Establishing the new office took time despite the strong support of the Administration at the United Nations Office at Vienna. Moreover, the staff selection process for regional investigators was also lengthy, given that the positions were new and there were no mechanisms in place for identifying and hiring qualified investigators for the hub.

A. Vienna

Case activity

11. The majority of the cases investigated by the Vienna hub were from Kosovo (Serbia and Montenegro), although reports were received from other missions. More important, the significant cases were from Kosovo, and, as such, the regional investigators from Vienna spent most of their time there. After analysing the cases and discussing them with the management at UNMIK, it was concluded that, rather than investigating the individual cases, which had had limited impact in Kosovo, OIOS investigators would try to determine the root causes of the problems and failures, notably of the publicly owned enterprises which were the source of many of the corruption allegations. OIOS investigators suggested the establishment of a task force to address systemic corruption.

12. As recommended by OIOS, the Investigations Task Force was created by UNMIK in October 2003, comprising OIOS regional investigators, fraud experts from the Anti-Fraud Office of the European Union, and the Guardia di Finanza of the Italian police, currently attached to UNMIK as the Financial Investigation Unit. To date, the Task Force has investigated dozens of corruption allegations involving Pristina Airport. Based on previously issued audit reports commissioned by the European Union, the Task Force had anticipated that the inquiry could be completed relatively quickly; however, subsequent events proved this to be unrealistic. The first case with prima facie criminal evidence investigated by the Task Force was referred to, and accepted by, the International Prosecutor in Pristina for judicial action.

13. In addition to matters related to the Airport, regional investigator resources were utilized in regard to other matters pertaining specifically to UNMIK. These cases include: abuse of authority by a senior manager; misconduct by a senior manager in creating and working for a non-governmental organization while a staff member; unauthorized acceptance of donor contributions; and unauthorized opening of bank accounts. Other cases investigated involved fraudulent overcharging by a vendor for shipments of personal effects; a waste of resources in the flawed

procurement exercise for the purchase of equipment that was unsuited to requirements and quickly rendered inoperable; and three separate reports relating to UNMIK management problems and to other violations of rules and regulations by the staff member who embezzled $4.3 million (reported separately to the General Assembly in A/58/592 and Corr.1).

Mission travel

14. The regional investigators from the Vienna hub undertook 34 missions during the period under review. Most of the travel (22 trips) was in connection with the investigations carried out by the Kosovo Investigations Task Force. Other travel related to work on cases at United Nations Headquarters, MONUC and the United Nations Mission in Sierra Leone (UNAMSIL). Travel to the African peacekeeping missions by Vienna-based regional investigators was undertaken to provide additional support to the Nairobi-based regional investigators in the light of the urgent resource requirements arising from the significant cases under investigation at MONUC and UNAMSIL. The remaining trips were to locations other than peacekeeping missions to gather evidence for the investigations assigned to Vienna.

15. The Office has assessed the historical cost of mission travel for Headquarters-based investigators at approximately $5,000 per week, inclusive of ticket, daily subsistence allowance (DSA) and terminal expenses. For the 34 missions undertaken by the Vienna-based regional investigators, the average cost was $1,900 per week inclusive of ticket, DSA and terminal expenses. Since the duration of the travel by Vienna-based investigators averaged two weeks, the total cost for each trip was $3,800. This is a savings of approximately $6,000 per mission compared with the costs of travelling from New York: a reduction of 60 per cent. It should be noted that virtually all travel to peacekeeping missions from the Vienna hub can be completed in a single day. From New York, virtually every trip includes an overnight flight and two days of travel each way.

B. Nairobi

Case activity

16. Most of the cases handled by the regional investigators deployed in the Nairobi hub focused on three peacekeeping missions, namely, MONUC, UNAMSIL and the United Nations Mission in Ethiopia and Eritrea (UNMEE), with the first mission to UNMEE by OIOS investigators occurring during the reporting period. The most serious matter investigated at UNMEE related to allegations of corrupt practices in the procurement process which had created serious tensions. It was determined that the problem was not one of corruption, but rather of miscommunication and misunderstanding of procurement rules and practices. Recommendations for improvement in both areas were provided to the mission, and mission management expressed its appreciation for the ability of OIOS regional investigators to clear the air.

17. The regional investigators spent considerable time at UNAMSIL, at the request of the Director of Administration, with regard to ongoing problems of fuel theft. Much work had been done in the past 18 months on this problem, including by OIOS auditors. The current mission management has taken action, but significant losses had already been incurred. OIOS has previously reported on fuel theft in the

Balkans and East Timor and notes that this issue will require future monitoring by regional investigators.

18. Nairobi-based regional investigators have spent a significant amount of time at MONUC during the reporting period. The most significant case under investigation is that of allegations against MONUC civilian and uniformed personnel of sexual exploitation and abuse of young girls. This case appears to be similar to that regarding sexual exploitation and abuse of refugees in West Africa investigated and reported on by OIOS. OIOS organized a task force which included five OIOS investigators and worked together with MONUC civilian police and military personnel in addressing the problem and identifying the perpetrators. Although there have been problems of cooperation in identifying the perpetrators among the troop contingents, MONUC management has been consistently supportive and is working with the task force to improve contingent cooperation.

19. Other matters at MONUC include a number of procurement cases, which revealed opportunities for corrupt practices and significant failures in management. In one case, vendors with multiple companies bid on one requirement that impacted upon the competitive basis for large-scale procurement of airport services. In another, emergency provisions were improperly utilized to manipulate a purchase. A third procurement matter involved plans to consolidate most MONUC headquarters staff at one location, at a cost in excess of $1 million. A conflict of interest arose when the MONUC staff member who was assigned to identify likely properties recommended premises owned by a member of his extended family. Although his conflict of interest was known by the middle-level managers at MONUC responsible for procurement and support services, they did not remove the staff member from his role in the procurement or advise senior-level managers.

20. The Office of Internal Oversight Services also investigated a case of forged travel entitlement claims by a staff member of the United Nations Volunteer (UNV) programme working in the MONUC Finance Section. The same staff member, together with the head of UNV at MONUC, seconded from the United Nations Development Programme (UNDP), established and ran a UNV guesthouse in Kinshasa, ostensibly to provide short-term accommodation to other newly assigned UNV staff members in violation of United Nations rules. The two staff members involved even fraudulently claimed a security allowance. OIOS recommended, and MONUC management agreed, that the case be referred to UNV in Bonn for action relating to its staff member and to UNDP for action against its seconded staff member.

Mission travel

21. Investigators from the Nairobi regional hub undertook 22 missions during the reporting period. On average, each mission lasted two weeks, at a cost of approximately $2,300 per week (inclusive of ticket, DSA and terminal expenses) compared to $1,900 per week for the Vienna hub and $5,000 for United Nations Headquarters. The majority of the trips were to three peacekeeping missions: UNMEE, UNAMSIL and MONUC. Other trips were to New York to assist in an investigation at United Nations Headquarters and for investigative training.

22. The higher average cost per trip is driven by two factors. First, several cases required more investigators than the number based in the hub; for example, Vienna-based investigators have been used to support investigative activity at two African

peacekeeping missions: MONUC and UNAMSIL. Second, while Nairobi is a central aviation hub, traffic volume for trans-African travel is lower than in Europe and costs are higher. Still, the travel costs for the investigators in the Nairobi hub reflect a savings of approximately 50 per cent over the costs of travel from New York. Furthermore, Nairobi is viewed as the most logical hub for the regional investigators because it is an existing United Nations duty station with an OIOS investigative office structure.

23. The ability of the regional investigators to address more rapidly cases of concern at peacekeeping missions has been confirmed. Moreover, the cost of regional investigators undertaking these missions is substantially less than for those undertaken by investigators based at United Nations Headquarters. Of course, had there been investigators resident at missions, such as at UNMIK and MONUC, the travel costs to these missions would have been avoided.

IV. Caseload

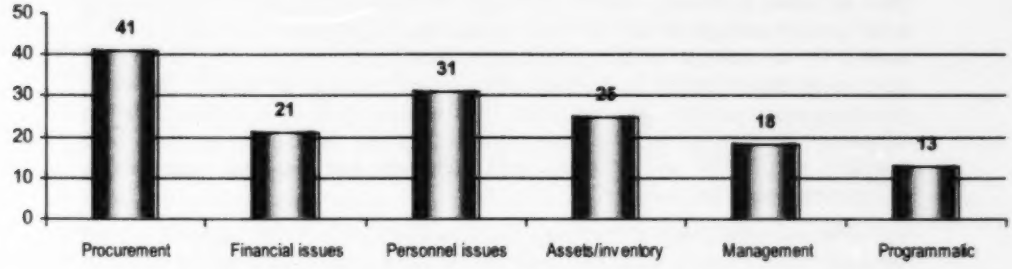
24. The number of significant risk cases remains high even though the number of peacekeeping matters reported to OIOS has dropped. Whereas 226 matters were reported to OIOS during the period from July 2002 to June 2003, only 149 matters were reported for the period from July 2003 to June 2004, albeit with an increase in the rate of reporting in the second half of the reporting period. More important, the number of significant cases (i.e., with a risk assessment profile of 100 points or more) during the period from July 2003 to June 2004 was 51, or 33 per cent, as against 55, or 25 per cent, for the previous period.

25. The drop in the number of matters reported is due to several factors. First, the cases handled by the task force in both hubs have been recorded as single cases even though they comprise dozens of individual cases. As an example, in the case of alleged sexual exploitation and abuse at MONUC, more than 70 allegations have been received since the start of the inquiry, each of which requires a full investigation but all of which are recorded as one case. Second, owing to the long-term nature of task force activity by investigators at both hubs, OIOS has had to defer other cases or have them handled elsewhere. Third, the closure of resident investigator offices meant that on-site investigators were no longer available to receive complaints at the missions. Fourth, because of the lengthy recruitment process and accompanying delays, fewer investigative trips to peacekeeping missions were taken by investigators during the period from July to October 2003, resulting in fewer matters being presented to OIOS. However, there was a 20 per cent increase in the number of cases received in the second half of the reporting period, when normal interaction resumed between investigators and staff and managers at peacekeeping missions.

A. Cases received and open

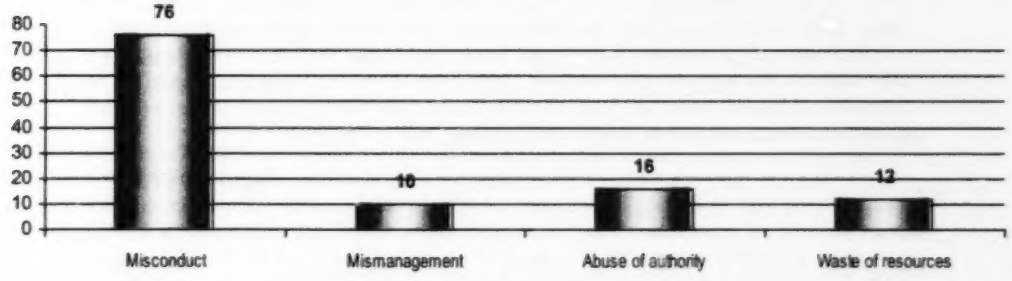
26. An analysis of the matters received shows that those related to procurement continue to represent the single most common source for complaints received (figure 1). Of the 149 reports, nearly one third involved procurement.

Figure 1
Cases received



27. Of the 114 matters that remain open as at 30 June 2004, most (76) related to misconduct (figure 2).

Figure 2
Open cases



B. Closed cases

28. During the period under review, OIOS closed 142 cases, including cases from both the current and previous reporting period. Of that number, 23 resulted in full reports of investigation and 20 were referred to other entities or back to the management of the peacekeeping missions for review and comment pending further OIOS activity. The remaining 99 matters were closed after preliminary investigation, but could be reactivated if new information is received.

V. Future resource requirements

A. Open investigation caseload

29. As noted previously, OIOS had eight Professional posts for peacekeeping investigations throughout the world during the reporting period. One post at the P-5 level is for the manager of the peacekeeping investigative unit, leaving seven full-time investigators (three in Nairobi and four in Vienna) to handle the entire peacekeeping caseload. The manager of the unit divides his time between substantive matters in the two hubs, especially given the continuing task force activities at UNMIK and MONUC, and budgetary and financial management, recruitment, policy and training.

30. The resources required for cases considered to be significant currently exceed the norm of 250 person-hours previously established as the time required by OIOS for completion of an average case, and used in the previous report submitted to the General Assembly on peacekeeping investigations (A/57/494). However, based on the investigations undertaken by the regional investigators during the period from July 2003 to June 2004, the average time required to complete a case has increased to 340 hours: a result of the increasing proportion of significant cases received by OIOS, which are more complex and require more time to resolve. For example, the two task force operations at UNMIK and MONUC are recorded as two individual cases for statistical purposes but they consume the bulk of resources and travel costs. This factor has and will continue to have substantial impact on the ability of current resources to handle existing and future caseloads. Because case assignments are based on the highest risks, virtually all of the cases currently being handled by the regional investigators are limited to those considered significant. Other matters, therefore, remain subject to lengthy delays and possible referral.

31. Using the updated norm of an average 340 person-hours per completed case and applying that to 55 per cent of the 114 open cases (i.e., the percentage of open cases considered significant) some 21,300 person-hours of investigative time will be needed to complete them. This translates to a requirement of 12 posts. With only 9 investigator posts currently available, there is a shortfall of 3 posts just to handle the current open cases that are considered significant.

B. Projected caseload of investigations

32. Assuming that the nature and complexity of cases remain the same for a third consecutive year, the average length of time required to complete a case will be 340 person-hours. With the number of cases received projected to be 230 and assuming that about one third of them will be considered significant, the investigative time needed to handle the significant cases will be about 26,000 person-hours (230 x 0.33 x 340). This amounts to 15 investigator posts, a shortfall of 6.

VI. Conclusions

33. Given the limited resources, the regional investigators tasked to work on cases at peacekeeping operations have performed well. Significant matters have been investigated and specific and focused recommendations have been issued, accepted

and implemented. OIOS has initiated and conducted investigations using task forces at two peacekeeping missions on two serious, long-term problems — corruption and sexual exploitation and abuse. Utilizing the risk assessment profile to prioritize the caseload by identifying the most significant cases, OIOS has worked to carry out its mandated function in contributing to the overall reform of the Organization, especially in an area of high risk, namely, field-based peacekeeping operations.

34. The increasing number of significant matters reported to OIOS necessitates a review of available resources so as to mitigate the risk to those field operations. The overall reform process is greatly hampered in the absence of an independent, professional investigative body. The results of the work of OIOS have been generally well received by the Department of Peacekeeping Operations and mission management, which are aware that mission-based, internal investigations may not produce results that are perceived to be sufficiently unbiased and evidence-based, thus ensuring due process for all parties and wider acceptance of the findings.

35. Although there are obvious benefits to having resident investigators, in particular for the larger missions, this first year of operation has revealed the merits of the regional hubs to the extent that costs per case and travel times are significantly reduced compared to those for investigations handled by staff based at United Nations Headquarters. Thus, investigators can undertake more missions per year than was anticipated, and certainly more per investigator than could be undertaken per year from New York. While not every peacekeeping mission was visited during the reporting period, the most critical cases at several of the larger missions were addressed.

36. The increasing rate of significant cases reported to OIOS has an impact on existing investigative resources. The upward adjustment of the average case length, from 250 person-hours per average completed case to 340 person-hours, has affected the ability of OIOS to manage the caseload to the extent and within the time frames required by its clients.

37. Relying only on regional investigators, however, means a loss of the ability of OIOS investigators to develop detailed knowledge of the individual missions, as was the case with resident investigators. The larger and more complex missions (e.g., MONUC) demand a more readily available presence by investigators, given the numbers of staff and the distances between sector headquarters. Dedicated resident investigators at the larger missions would, in many ways, better address the needs of the missions without compromising either the investigation of significant cases at the other missions or the smaller, but often potentially serious, cases at the larger missions. Moreover, resident investigators could more readily respond to matters as they arise, which in itself can reduce further violations without the costs associated with travel to the missions. Regional investigators cannot as readily respond to calls for assistance from the missions given the travel and time requirements involved.

38. Managers at the peacekeeping mission have advised OIOS of the value of regional investigators and have commented on the quicker response times of those investigators compared to those of investigators based at United Nations Headquarters. The same managers, in particular those at the larger missions, have indicated that the use of resident investigators would also be extremely beneficial since they can address a myriad of issues informally and quickly provide advice to managers on issues that fall outside investigations of specific cases.

39. The Office of Internal Oversight Services therefore believes that the most effective approach is a combination of regional and resident investigators, with resident investigators based at and providing services to the larger missions, and an additional six Regional Investigator posts to provide services as needed both to the larger missions in regard to complex cases and to the smaller missions. Based on the analysis contained in the present report, OIOS will submit, for the consideration of the General Assembly, a proposal for additional posts in the context of its budget submission for the support account for peacekeeping operations for the period from 1 July 2005 to 30 June 2006.

(*Signed*) Dileep **Nair**
Under-Secretary-General for Internal Oversight Services